



ANNEXURE A: ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2009



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FOR THE YEAR ENDED 30 JUNE 2009

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CONTENTS

Statement of Financial Position

Statement of Financial Performance

Statement of Changes in Net Assets

Statement of Cash flow

Notes To the Annual Financial Statements

Appendices

A: Schedule of Interest Bearing Borrowings

B: Analysis of Property Plant And Equipment

C: Segmental Analysis of Property, Plant And Equipment

D: Segmental Statement of Financial Performance

E(1):Actual Versus Budget (revenue And Expenditure)

ANNEXURE A: ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2009

APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K DE LANGE
MUNICIPAL MANAGER

DATE: 2.February.2009

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

NET ASSETS & LIABILITIES	Note	2009 R	2008 R
Net Assets		237,845,931	49,192,778
Housing development fund	2	760,427	760,427
Government Grant Reserve		56,206,546	43,409,023
Accumulated surplus/(deficit)		180,878,958	5,023,328
Non-current liabilities		18,810,533	19,591,763
Interest bearing borrowings	3	17,883,767	18,209,071
Finance lease liability	4	90,506	163,447
Provisions	6	350,000	765,500
Consumer deposits	5	486,260	453,746
Current liabilities		26,106,180	18,487,476
Provisions	6	750,000	666,500
Trade and other payables	7	7,948,688	5,957,300
Unspent conditional grants and receipts	8	12,989,188	10,969,612
SARS liabilities	9	4,093,988	152,271
Interest bearing borrowings	3	324,317	741,793
Total Net Assets and Liabilities		282,762,644	87,272,017
ASSETS			
Non-current assets		264,150,061	70,910,748
Property, plant & equipment	10	261,713,408	68,761,637
Loans and receivables	11	17,131	19,917
Investments	16	2,419,522	2,129,194
Current assets		18,612,583	16,361,269
Inventories	12	109,860	349,844
Consumer debtors	13	6,940,416	3,583,487
Other debtors	14	3,502,382	801,075
SARS receivables	15	-	1,519,098
Loans and receivables	11	2,786	2,786
Cash and cash equivalents	17	8,057,139	10,104,979
Total Assets		282,762,644	87,272,017

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2009

REVENUE	Note	2009 R	2008 R
Property rates	18	6,634,956	6,542,647
Service charges	19	26,544,246	23,324,107
Rental of facilities and equipment		308,469	191,994
Investment Revenue – external investments	21	1,266,879	1,434,906
Interest earned – outstanding debtors		840,421	744,281
Dividends received		-	224
Fines		1,960,769	641,424
Licenses and permits		-	80,593
Income from agency services		611	290,304
Government grants and subsidies received	20	27,962,818	52,229,500
Gains on disposal of assets		373,343	-
Other revenue	22	908,022	1,502,463
Total Revenue		66,800,533	86,982,443
EXPENDITURE			
Employee related cost	23	14,971,620	12,989,932
Remuneration of councillors	24	2,010,257	1,855,577
Bad debts		4,313,540	2,800,000
Collection costs		15,108	-
Depreciation and amortisation		461,616	3,011,301
Repairs and maintenance		1,814,825	2,491,825
Finance cost	25	1,577,078	2,489,795
Fines Paid		30,218	-
Bulk purchases	26	13,207,345	9,966,781
Contracted Services		-	366,670
Grants and subsidies paid		1,266,106	9,746,843
General expenses		15,376,969	5,637,253
Provision for Landfill site		-	1,232,000
Total Expenditure		55,044,682	52,587,978
Fair value adjustment		177,599,581	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		189,355,432	34,394,465

STATEMENT OF CHANGES IN NETT ASSETS

FOR THE YEAR ENDING 30 JUNE 2009

	Housing Development Fund	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2007	760,427	20,395,566	(6,122,060)	15,033,933
Net surplus for the year	-	-	34,394,465	34,394,465
Capital grants used to purchase PPE	-	23,013,457	(23,013,457)	-
Offsetting of depreciation	-	-	-	-
Movements during the year	-	-	(20,415)	(20,415)
Balance at 30 June 2008	760,427	43,409,023	5,238,533	49,407,983
Balance at 1 July 2008				
Correction of error (note 27)	-	-	(215,205)	(215,205)
Restated balance	760,427	43,409,023	5,023,328	49,192,778
Changes in equity for 2008				
Net surplus for the year	-	-	189,355,432	189,355,432
Movements during the year	-	-	(702,279)	-
Property, plant and equipment purchased	-	12,797,523	(12,797,523)	-
Capital grants used to purchase PPE	-	-	-	-
Donated/contributed PPE	-	-	-	-
Offsetting of depreciation	-	-	-	-
Balance at 30 June 2009	760,427	56,206,546	180,878,958	238,548,210

STATEMENT OF CASH FLOW

FOR THE YEAR ENDING 30 JUNE 2009

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2009 R	2008 R
Cash receipts from ratepayers, government and others		65,349,020	84,055,231
Cash paid to suppliers and employees		(49,274,809)	(42,989,596)
Cash generated from / (utilized in) operations	30	16,266,993	41,065,636
Dividend recieved		-	224
Interest received		1,266,879	2,179,187
Interest paid		(1,577,078)	(2,489,795)
Net cash from operating activities		15,956,794	40,755,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,805,691)	(36,443,203)
(Increase)/decrease in non-current receivables		2,786	2,575
(Increase)/decrease in non-current investments		(290,328)	(256,147)
Net cash used in investing activities		(13,093,233)	(36,696,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in long term loans		(742,780)	(934,815)
Payment of finance lease liabilities		(72,941)	-
Net cash used in financing activities		(815,721)	(934,815)
Increase/(decrease) in cash and cash equivalents		2,047,840	3,123,662
Cash and cash equivalents at beginning of the year		10,104,979	6,981,317
Cash and cash equivalents at end of the year		8,057,139	10,104,979

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.
 GRAP 2: Cash flow statements.
 GRAP 3: Accounting policies, changes in accounting estimates and errors.
 GRAP 4: The effects of changes in foreign exchange transactions.
 GRAP 5: Borrowing costs.
 GRAP 6: Consolidated and separate financial statements.
 GRAP 7: Investments in associates.
 GRAP 8: Interests in joint ventures.
 GRAP 9: Revenue from exchange transactions.
 GRAP 10: Financial reporting in hyper-inflationary economies
 GRAP 11: Construction contracts.
 GRAP 12: Inventories.
 GRAP 13: Leases.
 GRAP 14: Events after reporting date.
 GRAP 16: Investment property.
 GRAP 17: Property, plant and equipment.
 GRAP 19: Provisions, contingent liabilities, and contingent assets.
 GRAP 100: Non-current assets held for sale and discontinued operations.
 GRAP 101: Agriculture.
 GRAP 102: Intangible assets.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

1.4 RESERVES

1.4.1 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR bank account or investment account and can only be used to finance items of property, plant and equipment as specified in MFMA Circular 18. Additional transfers to the CRR are done in terms of a council resolution (Number... dated...). The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.4.2 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.4 Self-Insurance Reserve

A Self-Insurance Reserve has been established and, subject to external insurance where, deemed necessary, covers claims that may occur.

Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception. These surpluses arose from the differences between premiums charged against claims paid and various administrative expenditure incurred.

The balance of the Self-Insurance Reserve is fully cash backed and invested.

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. The present value of rehabilitation future costs to be capitalised to the asset. Provision is made for this obligation in accordance with the Municipality's Accounting Policy on non-current provisions.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<i>Infrastructure</i>	<i>Years</i>
Roads, pavements	30
Street names	5
Water reservoirs	15 - 20
Electricity	20 - 30
Sewerage	15 - 20
Housing	30
Refuse sites	15

<i>Community Assets</i>	<i>Years</i>
Parks and gardens	10 - 30
Sport fields	20 - 30
Community halls	30
Libraries	30
Recreation facilities	20 - 30
Clinics	30
Fire services	30
Cemeteries	30

<i>Other Assets</i>	<i>Years</i>
Motor vehicles	5
Plant and equipment	2 - 15
Security measures	3 - 10
Buildings	30
IT equipment	3 - 5
Office equipment	3 - 7
Specialised vehicles	10

Heritage assets

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

In terms of Directive 4 the Municipality is entitled to take advantage of the GRAP transitional provisions on Property, Plant and equipment until they expire, which is the financial year 2008/2009 for Medium capacity Municipalities. As a result both measurement and disclosure requirements of GRAP 17 need not be complied with.

Due to the Municipality having taken advantage of the GAMAP transitional provisions as well as the three year measurement exemption above, until expiration of these provisions and all classes of Property, plant and Equipment are measured according to GRAP 17, the municipality has not complied with the following:

GRAP 1: Presentation of Financial Statements, GRAP 100 as well as the recognition criteria in: Non-current Assets Held for sale and Discontinued operations; GRAP 102, GRAP 13: Leases and GRAP 19: Provisions, Contingent Liabilities and Contingent Assets.

Impairments of non-monetary assets have also not been assessed

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

1.6 IMPAIRMENT OF ASSETS

Impairments of Non-financial assets

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

A servitude will only become impaired if the line to which the servitude is linked is derecognised. In practice a derecognised line will be refurbished or replaced by a new line. The likelihood of the impairment of a servitude right is remote.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata

basis, to the assets in the cash-generating unit. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, an cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

1.7 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

The Municipality as Lessor

Amounts due from lessee under finance leases are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the cost of the asset is recognised as unearned finance income. Finance income is recognised based on a pattern reflecting a

constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

1.8 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.8.1 Financial Assets

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.8.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

1.8.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active

market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, refer to impairment of assets policy 1.5 as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.8.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

1.8.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, refer to impairment of assets policy 1.6, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

1.10.1 Financial Liabilities

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.10.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.10.1.2 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.11 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

The municipality on initial adoption of the standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Due to the transitional provisions under the Standard of GRAP on Property, Plant and Equipment, certain assets have not been recognised as Property, Plant and Equipment. Due to the non-recognition of such assets, the requirements of the Standard on Provisions, Contingent Liabilities and Contingent assets have not been applied until the expiration the Property, Plant and Equipment transitional provisions. All necessary disclosure for those

assets not recognised as Property, Plant and Equipment have been made.

The necessary disclosures have been made for non-recognition of provisions (which form part of the cost of an asset).

1.14 EMPLOYEE BENEFITS

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.14.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.14.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

1.15 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 Revenue from exchange transactions

Rendering of services

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue

when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Sale of goods

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. '

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

1.15.2 Revenue from non-exchange transactions

Fines

Revenue from fines is recognised when payment is received and the revenue from the issuing of spot fines and summonses is recognised when collected together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as

revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.15.3 Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

1.15.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.16 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

1.17 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period com

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

2. HOUSING DEVELOPMENT FUND	2009 R	2008 R
	760,247	760,247
Unappropriated Surplus	-	-
Loans estinguished by Government in April 1998	760,247	760,247
The Housing Fund is represented by the following assets and liabilities:		
Housing Rental Debtors	111,505	111,505
Bank and cash	648,922	648,922
	760,427	760,247
3. LONG- TERM LIABILITIES		
Annuity Loans	11,255,627	11,998,407
Annuity Loans - Restructured Loan	6,952,457	6,952,457
Sub-total	18,208,084	18,950,864
Less : Current portion transferred to current liabilities	324,317	741,793
Annuity Loans	324,317	741,793
Capitalised Lease Liability	-	-
Total External Loans	17,883,767	18,209,071

3.1 Summary of arrangements

Annuity Loans are repaid over periods varying from one to fifteen years and at interest rates varying from 11.55 % to 12.5% per annum. Annuity Loans are not secured.

Fixed Deposit of R 2,419,522 (2008: R2,129,194) has been pledged to DBSA as guarantees on external loans taken up. (See notes 16)

Management of the municipality is of the opinion that the carrying value of Long-Term Liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

23.2 Breach of loan agreement

The municipality has contravened section 138(A) of the MFMA as instalment payments on DBSA has not been paid for 10 months. The loan has now been rescheduled to be redeemed in 15 years at 12.50 % fixed interest with the first instalment to be paid on 31 May 2008.

The municipality entered into an agreement with DBSA that if the municipality would be able to service its loans timeously during the next three financial years, then a loan of R6,952,457 will be written off by the bank.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

4. FINANCE LEASE LIABILITY

	2009 R	2008 R
2009		
	Minimum lease payment	Future finance charges
Amounts payable under finance leases		Present value of minimum lease payments
Within one year	93,966	21,026
Within two to five years	100,312	9,806
	<u>194,278</u>	<u>30,832</u>
Less: Amount due for settlement within 12 months (current portion)		(72,941)
		<u>90,506</u>
2008		
	Minimum lease payment	Future finance charges
Amounts payable under finance leases		Present value of minimum lease payments
Within one year	75,696	23,939
Within two to five years	194,278	30,832
	<u>269,974</u>	<u>54,770</u>
Less: Amount due for settlement within 12 months (current portion)		(51,758)
		<u>163,447</u>

5. CONSUMER DEPOSITS

Water and electricity		
	<u>486,260</u>	<u>453,746</u>

No interest is paid on consumer deposits.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

6. NON-CURRENT PROVISIONS

Rehabilitation of Landfill sites

In terms of the licencing of the landfill refuse site, council will incur rehabilitation costs of R1.0 million to restore the site at the end of its useful life.

The movement in the non-current provisions are

30 June 2009

	R	2009 R	2008 R
Balance at beginning of year	100,000	1,332,000	1,432,000
Contributions to provision	-	(332,000)	(332,000)
Sub Total	100,000	1,000,000	1,100,000
Transfer to current	-	(750,000)	(750,000)
			-
Balance at end of year	100,000	250,000	350,000

30 June 2008

Balance at beginning of year	100,000	100,000	200,000
Transfer to current		1,232,000	1,232,000
Contributions to provision	100,000	1,332,000	1,432,000
Expenditure incurred	-	(666,500)	(666,500)
Balance at end of year	100,000	665,500	765,500

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

7. TRADE AND OTHER PAYABLES

	2009 R	2008 R
30 June 2009		
Trade creditors	4,429,783	2,441,926
Payments received in advance	549,659	438,158
Finance Lease	72,941	51,758
Staff Leave	712,891	855,739
Other Creditors	2,183,414	2,169,718
Total Trade and Other Payables	7,948,688	5,957,300

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Financial Management grant	-	620,703
MIG	1,255,152	1,328,252
Provincial grants and other	11,734,036	9,020,657
	12,989,188	10,969,612

See Note 20 for reconciliation of grants by other spheres of government.

9. SARS -Liability

VAT Payable	1,737,595	-
PAYE, UIF & SDL Payable	2,356,392	152,271
	4,093,988	152,271

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

10. PROPERTY, PLANT & EQUIPMENT	Land and Buildings	Infrastructure	Other Assets	Housing Development Fund	Total
	R	R	R	R	R
Carrying values at 1 July 2008	-	51,852,549	5,394,049	11,515,019	68,761,617
Cost	-	79,006,520	9,801,812	13,152,693	101,961,025
Accumulated depreciation – cost	-	(27,153,971)	(4,407,763)	(1,637,674)	(33,199,408)
Acquisitions	-	-	8,168	-	8,168
Capital under construction	-	12,797,523	-	-	12,797,523
Depreciation – based on cost	-	-	(2,402,602)	-	(2,402,602)
Fair Value Adjustment	-	152,620,546	(1,633,578)	-	150,986,968
Depreciation – Fair Value Adjustment	-	27,153,971	4,407,763	-	31,561,734
Carrying value of disposals	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying values at 30 June 2009	-	244,424,590	5,773,799	11,515,019	261,713,408
Cost	-	244,424,590	8,176,402	13,152,693	265,753,684
Accumulated depreciation – cost	-	-	(2,402,602)	(1,637,674)	(4,040,276)
Carrying values at 1 July 2007	-	28,228,257	4,128,049	2,973,428	35,329,734
Cost	-	53,006,880	8,048,998	4,461,963	65,517,841
Accumulated depreciation – cost	-	(24,778,623)	(3,920,949)	(1,488,535)	(30,188,107)
Acquisitions	-	491,106	1,752,814	-	2,243,920
Capital under construction	-	25,508,534	-	8,690,730	34,199,264
Depreciation – based on cost	-	(2,375,348)	(486,814)	(149,139)	(3,011,301)
Carrying value of disposals	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Other movements	-	-	-	-	-
Carrying values at 30 June 2008	-	51,852,549	5,394,049	11,515,019	68,761,617
Cost	-	79,006,520	9,801,812	13,152,693	101,961,025
Accumulated depreciation – cost	-	(27,153,971)	(4,407,763)	(1,637,674)	(33,199,408)

The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

11. LONG-TERM RECEIVABLES

	2009 R	2008 R
Loans to Sport Clubs	19,917	22,703
Less : Current portion transferred to current receivables	(2,786)	(2,786)
Total Long-term Receivables	17,131	19,917

Golf Club Loan

The loan to the Ladismith Golf Club will be redeemed over a period of 20 years at a interest rate of 8 % and will be redeemed in December 2014

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipalities debtors.

12. INVENTORY

Consumable stores - at cost	109,860	349,844
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13. CONSUMER DEBTORS

30 June 2009

	Gross Balances	Provision for Doubtful Debts	Net Balance
Service debtors			
Rates	10,556,854	8,496,426	2,060,428
Electricity	2,259,923	538,995	1,720,928
Water	1,857,924	480,034	1,377,890
Sewerage	10,856,962	10,081,557	775,405
Refuse removal	8,612,411	7,894,660	717,751
Sundries	595,703	419,195	176,508
Housing rentals	111,505	-	111,505
	34,851,282	27,910,866	6,940,416

30 June 2008

Service debtors			
Rates	7,876,989	6,628,477	1,248,512
Electricity	1,475,044	455,695	1,019,349
Water	1,382,043	405,846	976,197
Sewerage	8,738,270	8,523,483	214,787
Refuse removal	6,740,700	6,674,564	66,136
Housing rentals	412,916	354,410	58,506
	26,625,962	23,042,475	3,583,487

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

13. CONSUMER DEBTORS (continued)

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balances of rates. The municipality enforces its approved credit control policy to ensure the recovery of the consumer debtors.

There is an inherent risk in the debtor's book to the value of unverified data.

Management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipalities consumer debtors.

	2009	2008	
Ageing of consumer debtors	R	R	
Rates ageing			
Current (0-30 days)	303,810	388,703	
31–60 days	126,071	144,294	
61–90 days	101,092	117,203	
91–120 days	90,868	111,944	
120+ days	8,957,857	7,114,845	
	9,579,698	7,876,989	
Electricity, water, sewerage, refuse removal and sundry ageing			
Current (0-30 days)	2,369,450	1,445,805	
31–60 days	511,500	354,476	
61–90 days	421,707	267,751	
91–120 days	378,990	244,981	
120+ days	21,863,012	16,023,044	
	25,544,659	18,336,057	
Housing rentals: ageing			
Current (0-30 days)	6,242	7,932	
31–60 days	5,562	7,235	
61–90 days	5,562	7,032	
91–120 days	5,704	6,675	
120+ days	88,434	384,042	
	111,504	412,916	
Consumer debtors per category			
	Consumers	Industrial/ Commercial	National & Provincial
30 June 2009			
Current (0-30 days)	611,236	1,578,184	(59,520)
31–60 days	564,801	39,207	39,126
61–90 days	508,840	18,171	1,350
91–120 days	466,262	8,596	704
120+ days	29,581,497	133,851	1,193,897
	31,732,636	1,778,009	1,175,557

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

13. CONSUMER DEBTORS (continued)

		2009	2008
	R	R	R
30 June 2008			
Current (0-30 days)	1,256,270	497,503	88,666
31-60 days	462,306	25,596	18,103
61-90 days	353,803	19,387	18,795
91-120 days	339,602	12,065	11,934
120+ days	22,682,604	342,260	467,068
	25,094,585	896,811	604,566

Reconciliation of Provision for impairment

Balance at beginning of year	23,042,475	24,600,596
Impairment losses recognised	4,868,391	3,137,302
Amounts written off as uncollectable	-	(4,695,423)
Balance at year end	27,910,866	23,042,475

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

14. OTHER DEBTORS

Sundry debtors	118,695	622,723
Fuel deposit	50,000	50,000
Grant Debtors (Ref Note 20)	3,333,688	-
Salary control accounts	-	708,882
Less: Provision for Impairment	-	(580,530)
	3,502,382	801,075

Reconciliation of Provision for impairment

Balance at beginning of year	580,530	917,832
Impairment losses recognised	-	-
Amounts written off as uncollectable	(580,530)	(337,302)
Balance at year end	-	580,530

The average credit period for other debtors is 30 days. No interest is charged on other receivables for the first 30 days from the date of the invoice. The municipality enforces its approved credit control policy in an attempted to ensure the recovery of the other debtors.

Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

14. OTHER DEBTORS (continued)

2009

2008

R

R

The fair value of Other Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other sundry debtors. The payment ratio's of other debtors were also taken into account for fair value determination.

The provision for impairment was calculated on each every debtors risk profile and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

15. VAT

VAT receivable

-

1,519,098

VAT is payable on the cash basis. Only once payment has been received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

16. INVESTMENT

Long term investments

2,419,522

2,129,194

17. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

Account Number 112 000 001 9 (ABSA)

Bank statement balance at beginning of year

414,428

1,618,000

Bank statement balance at end of year

471,029

414,428

Current Account

Account Number 621-6355-4580 (FNB)

Bank statement balance at beginning of year

1,552,853

-

Bank statement balance at end of year

1,836,793

1,552,853

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

17. BANK, CASH AND OVERDRAFT BALANCES (continued)

	2009 R	2008 R
<u>Account Number 527 827 302 31 (FNB)</u>		
Bank statement balance at beginning of year	458,612	118,301
Bank statement balance at end of year	1,204,777	458,612
 Call Account		
<u>Account Number 9117177062 (ABSA)</u>		
Bank statement balance at beginning of year	9,581,430	6,784,600
Bank statement balance at end of year	4,791,267	9,581,430
 Summary		
Cash book balance at beginning of year	10,154,979	6,979,967
Cash book balance at end of year	3,235,703	451,628
Cash on Hand	2,000	1,350
Bank statement balance at beginning of year	12,007,323	8,520,901
Bank statement balance at end of year	8,303,866	12,007,323
Call investments	4,819,437	9,652,001

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from day to day.

Management of the municipality is of the opinion that the carrying value of the Bank Balance and Cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Bank Balance and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

Cash book balances at year-end were restated to exclude Fuel deposits, Cash on Hand and Call Investments

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

18. PROPERTY RATES

	2009	2008
	R	R
Actual		
Residential	7,025,207	6,531,951
Commercial	1,281,571	1,113,199
State	762,494	745,939
Municipal	511,412	398,556
Less: Income foregone	(2,918,008)	(2,246,998)
Total Assessment Rates	6,662,676	6,542,647

	R000's	R000's
Valuations		
Residential	304,975	283,511
Government	51,873	48,316
Commercial	30,792	32,376
Municipal	23,082	17,299
Other	410,722	381,502

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. An interim valuation was performed in the year under review on individual property values due to alterations and subdivisions. The result of the valuation will only come into effect in the new financial year.

Rates are levied annually on property owners and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable the 7th of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

19. SERVICE CHARGES

Sale of electricity	15,311,158	12,853,238
Sale of water	4,068,686	4,169,230
Refuse removal	3,413,625	2,943,580
Sewerage and sanitation charges	3,750,776	3,358,059
	26,544,246	23,324,107

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS

	2009	2008
	R	R
Equitable share	9,925,473	7,718,865
MIG	73,100	24,195,610
National Recovery Plan	4,722,931	6,515,002
National projects	11,120,188	3,257,155
Provincial projects other	2,116,829	9,867,150
Other	4,296	675,718
Total Government Grants & Subsidies	27,962,818	52,229,500

20.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant.

20.2 Finance Management Grant

Balance unspent at beginning of year	620,703	460,169
Current year receipts	250,000	500,000
Adjustments	-	(67,859)
Conditions met – transferred to revenue	(1,149,143)	(271,607)
Unspent amount transferred to liabilities	(278,440)	620,703

(see note 14)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.

20.3 Municipal Infrastructure Grant

Balance unspent at beginning of year	1,328,252	770,733
Current year receipts	-	24,753,129
Conditions met – transferred to revenue	(73,100)	(24,195,610)
Unspent amount transferred to liabilities	1,255,152	1,328,252

The grant was used to construct roads and sewerage infrastructure (included sewerage votes in Appendix B). No funds have been withheld.

20.4 Provincial : Valuation

Balance unspent at beginning of year	1,426,039	1,631,675
Current year receipts	-	-
Conditions met – transferred to revenue	(1,029,053)	(205,636)
Unspent amount transferred to liabilities	396,986	1,426,039

The grants were used for various projects.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)

	2009 R	2008 R
20.5 National: General Expenditure (CMIP)		
Balance unspent at beginning of year	-	63,475
Current year receipts	-	-
Conditions met – transferred to revenue	-	(63,475)
Unspent amount transferred to liabilities	-	-
20.6 National: Recovery Plan - DBSA		
Balance unspent at beginning of year	547,070	(918,059)
Current year receipts	325,825	3,043,304
Conditions met – transferred to revenue	(198,689)	(1,578,175)
Unspent amount transferred to liabilities	674,206	547,070
20.7 National: Recovery Plan -MSP		
Balance unspent at beginning of year	1,245,064	132,330
Current year receipts	1,500,000	2,000,000
Conditions met – transferred to revenue	(3,228,324)	(887,266)
Unspent amount transferred to liabilities (see note 14)	(483,260)	1,245,064
20.8 National: Recovery Plan -DPLG		
Balance unspent at beginning of year	364,447	1,415,458
Current year receipts	735,000	2,884,000
Conditions met – transferred to revenue	(1,295,918)	(4,049,561)
Adjustment	-	114,550
Unspent amount transferred to liabilities (see note 14)	(196,471)	364,447
20.9 Provincial: Electricity / Water Meters		
Balance unspent at beginning of year	221,297	371,669
Current year receipts	-	-
Conditions met – transferred to revenue	(17,302)	(150,372)
Unspent amount transferred to liabilities	203,995	221,297
20.10 Provincial : Zoar Water Project		
Balance unspent at beginning of year	-	55,764
Current year receipts	-	-
Conditions met – transferred to revenue	-	(55,764)
Unspent amount transferred to liabilities	-	-
20.11 Provincial : Galitzdorp Housing		
Balance unspent at beginning of year	-	-
Current year receipts	61,033	61,033
Conditions met – transferred to revenue	649,319	-
Unspent amount transferred to liabilities	710,352	61,033

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)	2009	2008
	R	R
20.12 Provincial: Clearing Projects		
Balance unspent at beginning of year	-	5,929
Current year receipts	-	-
Conditions met – transferred to revenue	-	(5,929)
Unspent amount transferred to liabilities	-	-
20.13 Provincial : Zoar Library		
Balance unspent at beginning of year	-	181,316
Current year receipts	-	-
Adjustments and transfers	-	4,298
Conditions met – transferred to revenue	-	(185,614)
Unspent amount transferred to liabilities	-	-
20.14 Provincial : Dried Fruit Van Wyksdorp		
Balance unspent at beginning of year	75,782	134,909
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(46,948)	(59,127)
Unspent amount transferred to liabilities	28,834	75,782
20.15 Provincial: Licensing		
Balance unspent at beginning of year	-	927
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(927)
Unspent amount transferred to liabilities	-	-
20.16 Provincial : General Greening		
Balance unspent at beginning of year	-	142,964
Current year receipts	-	-
Adjustments and transfers	-	7,644
Conditions met – transferred to revenue	-	(150,608)
Unspent amount transferred to liabilities	-	-
20.17 Provincial : Greening Ladismith		
Balance unspent at beginning of year	629	47,102
Current year receipts	-	-
Adjustments and transfers	-	(46,473)
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	629	629

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)

	2009 R	2008 R
20.18 Provincial: Greening Zoar		
Balance unspent at beginning of year	72,293	72,293
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(51,186)	-
Unspent amount transferred to liabilities	21,107	72,293
20.19 Provincial : Water Meters Zoar		
Balance unspent at beginning of year	468,931	424,464
Current year receipts	-	-
Adjustments and transfers	-	44,467
Conditions met – transferred to revenue	(143,903)	-
Unspent amount transferred to liabilities	325,028	468,931
20.20 Provincial: 132 KVA Sub Station		
Balance unspent at beginning of year	2,497,414	2,497,414
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	2,497,414	2,497,414
20.21 Provincial : Office Equipment		
Balance unspent at beginning of year	-	34,237
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(34,237)
Unspent amount transferred to liabilities	-	-
20.22 Provincial : GOR General Expenses		
Balance unspent at beginning of year	-	34,814
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(34,814)
Unspent amount transferred to liabilities	-	-
20.23 Provincial: Social Plan		
Balance unspent at beginning of year	-	63,983
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(63,983)
Unspent amount transferred to liabilities	-	-

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)	2009	2008
	R	R
20.24 Provincial : Housing LDS		
Balance unspent at beginning of year	66,113	194,815
Current year receipts	-	8,562,028
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(8,690,730)
Unspent amount transferred to liabilities	66,113	66,113
20.25 Provincial : IDP General		
Balance unspent at beginning of year	-	(48,194)
Current year receipts	-	-
Adjustments and transfers	-	48,194
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	-	-
20.26 Provincial: General Drought Relief		
Balance unspent at beginning of year	201,982	199,882
Current year receipts	2,100,000	-
Adjustments and transfers	-	2,100
Conditions met – transferred to revenue	(1,709,294)	-
Unspent amount transferred to liabilities	592,688	201,982
20.27 Provincial : Hydrologist Investigation		
Balance unspent at beginning of year	-	7,675
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(7,675)
Unspent amount transferred to liabilities	-	-
20.28 Provincial: Swimming Pool Calitzdorp		
Balance unspent at beginning of year	-	85,388
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(32,880)	(85,388)
Unspent amount transferred to liabilities	(32,880)	-
(see note 14)		
20.29 Provincial : Swimming Pool Ladismith		
Balance unspent at beginning of year	-	203,829
Current year receipts	-	-
Adjustments and transfers	-	(10,190)
Conditions met – transferred to revenue	(22,099)	(193,639)
Unspent amount transferred to liabilities	(22,099)	-
(see note 14)		

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)

	2009	2008
	R	R
20.30 Provincial: Taxi Rank		
Balance unspent at beginning of year	412,730	620,871
Current year receipts	-	-
Adjustments and transfers	-	(25,561)
Conditions met – transferred to revenue	(93,217)	(182,580)
Unspent amount transferred to liabilities	319,513	412,730
20.31 Flood damage projects		
Balance unspent at beginning of year	103,460	800,000
Current year receipts	5,619,000	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(923,192)	(696,540)
Unspent amount transferred to liabilities	4,799,268	103,460
20.32 Van Wyksdorp water research		
Balance unspent at beginning of year	31,466	31,466
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	31,466	31,466
20.33 Provincial : Umsobomwu		
Balance unspent at beginning of year	3,983	90,281
Current year receipts	250,000	-
Adjustments and transfers	-	550
Conditions met – transferred to revenue	-	(86,848)
Unspent amount transferred to liabilities	253,983	3,983
20.34 District Council		
Balance unspent at beginning of year	-	-
Current year receipts	-	25,000
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(25,000)
Unspent amount transferred to liabilities	-	-
20.36 National: Nissenville Roads		
Balance unspent at beginning of year	259,158	-
Current year receipts	5,355,000	300,000
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(6,055,134)	(40,842)
Unspent amount transferred to liabilities	(440,976)	259,158
(see note 14)		

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)	2009	2008
	R	R
20.36 Provincial -Sportgrounds Van Wyksdorp		
Balance unspent at beginning of year	-	-
Current year receipts	300,000	-
Adjustments and transfers	-	33,629
Conditions met – transferred to revenue	-	(33,629)
Unspent amount transferred to liabilities	300,000	-
20.37 District Council Housing		
Balance unspent at beginning of year	17,426	-
Current year receipts	-	17,426
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(4,296)	-
Unspent amount transferred to liabilities	13,130	17,426
20.38 Electrification 380 Erven Ladismith		
Balance unspent at beginning of year	-	-
Current year receipts	-	2,248,166
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	(2,248,166)
Unspent amount transferred to liabilities	-	-
20.39 District Council Zoar prepaid		
Balance unspent at beginning of year	-	-
Current year receipts	-	179,360
Adjustments and transfers	-	11,297
Conditions met – transferred to revenue	-	(190,657)
Unspent amount transferred to liabilities	-	-
20.40 Ladismith Electrical upgrading		
Balance unspent at beginning of year	751,834	-
Current year receipts	320,849	751,834
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(824,258)	-
Unspent amount transferred to liabilities	248,425	751,834
20.41 District Council Ladismith roads		
Balance unspent at beginning of year	-	-
Current year receipts	-	549,000
Adjustments and transfers	-	(88,939)
Conditions met – transferred to revenue	-	(460,061)
Unspent amount transferred to liabilities	-	-

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)

	2009 R	2008 R
20.42 Eden : Water		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(1,598,386)	-
Unspent amount transferred to liabilities	(1,598,386)	-
(see note 14)		
20.43 Department Water Affiars		
Balance unspent at beginning of year	-	-
Current year receipts	288,000	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(394,746)	-
Unspent amount transferred to liabilities	(106,746)	-
(see note 14)		
20.44 Upgrading Sports Facility Calitzdorp		
Balance unspent at beginning of year	-	-
Current year receipts	250,000	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	250,000	-
20.45 Upgrading of Streets Calitzdorp		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(126,429)	-
Unspent amount transferred to liabilities	(126,429)	-
(see note 14)		
20.46 Upgrading of Streets Van Wyksdorp		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(24,000)	-
Unspent amount transferred to liabilities	(24,000)	-
(see note 14)		

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

20. GOVERNMENT SUBSIDIES & GRANTS (continued)

	2009 R	2008 R
20.47 Upgrading of Streets Zoar		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments and transfers	-	-
Conditions met – transferred to revenue	(24,000)	-
Unspent amount transferred to liabilities	(24,000)	-
(see note 14)		

20.48 Advert Costs - LAND USE & PLAN

	1,800	-
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments and transfers	(900)	-
Conditions met – transferred to revenue	900	-
Unspent amount transferred to liabilities		

20.49 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

21. INVESTMENT REVENUE

External investments	1,434,906	1,434,906
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22. OTHER REVENUE

Included in other income is the following:

Advertisement	-	19,737
Building Plan Fees	102,877	17,767
Sundries	1,182,459	1,182,325
Photocopies	2,289	491
Photocopies and Faxes	-	566
Rent Instalments	16,961	100,609
Building Of Graves	1,075	100
Subdivision / Rezoning	-	9,980
Circuit Breaker - Changes	-	84
Surplus Cash	-	1,323
Refridgeration	5,790	7,225
Sales Plots	36,746	23,120
Valuation Certificates	-	5,112
Telephone Recoveries	-	128,327
Swimmingpool Income	-	5,697
Learner and ID card licences	124,237	-
	1,472,434	1,502,464

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

23. EMPLOYEE RELATED COSTS

	2009 R	2008 R
Employee related cost - Salaries and wages	12,325,485	10,423,869
Employee related cost - Social contributions	2,443,936	1,885,746
Travel, motor car, accomodation & other allowances	884,101	1,186,429
Housing benefits and allowances	77,770	61,515
Overtime benefits	940,390	838,814
Contribution to leave gratuity	18,200	223,768
Less: Employee costs included in other expenses	(1,718,262)	(1,630,209)
	14,971,620	12,989,932

There were no advances paid to employees.

Municipal Manager

Annual remuneration	680,173	603,510
Performance Bonus	113,053	-
Council Contributions		
	793,226	603,510

Chief Financial Officer

Annual remuneration	515,951	441,091
Performance Bonus	60,211	-
Council Contributions	27,468	41,056
	603,630	482,147

Chief Corporate Services

Annual remuneration	543,420	482,459
Performance Bonus	60,211	-
Council Contributions		
	603,631	482,459

Director Technical

Annual remuneration	543,420	289,474
Performance Bonus	35,123	-
Council Contributions		
	578,543	289,474

24. REMUNERATION OF COUNCILLORS

Executive Mayor	501,358	378,844
Deputy Executive Mayor	405,096	311,859
Speaker	224,033	187,142
Councillors	879,770	977,732
	2,010,257	1,855,577

The Executive Mayor, Deputy Executive Mayor, Speaker and executive Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council.

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

25. FINANCE COSTS	2009 R	2008 R
Long-term liabilities	1,577,078	2,489,795
Total Interest on External Borrowings	1,577,078	2,489,795
26. BULK PURCHASES		
Electricity	12,767,725	9,772,703
Water	439,620	194,078
	13,207,345	9,966,781
27. CORRECTION OF ERROR		
27.1 During the year ended 30 June 2008, finance lease liabilities were not raised. The comparative amount has been restated as follows:		
Correction of Finance Lease liability		
Statement of Financial Position		
Accumulated Surplus 2007		24,311
Finance Lease Liability		215,205
PPE		215,205
Statement of Financial Performance		
General Expenses		190,894
27.2 During the 2008 financial year Capital Grant Received was erroneously recognised as per IAS 20 as Deferred revenue and is now disclosed in accordance GAMAP 9.		
Statement of Financial Position		
Accumulated Surplus 2007		(2,501,731)
Government Grant Reserve		20,203,051
Accumulated Surplus 2008		(23,013,457)
Government Grant Reserve		23,013,457
Statement of Financial Performance		
Government grants and subsidies received		34,804,974
27.3 Due to incorrect cutt-off procedures certain suppliers were not included under Trade Creditors. This correction was made in the 2009 financial year.		
Statement of Financial Position		
Unspent Conditional Grants		(1,282,525)
Trade Creditors		1,282,525
Statement of Financial Performance		
Government grants and subsidies received		(1,282,525)
Grants and subsidies paid		1,282,525
Net effect on Surplus/(Deficit) for the year		52,721,499

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

28. CHANGE IN ACCOUNTING POLICY

2009

2008

R

R

During 2009 the municipality had the infrastructure assets unbundled and moveable assets verified and valued, this had an impact on due to the Fair Value adjustment which had to be processed as at 30 June 2009

177,599,581

30. RECLASSIFICATION OF ACCOUNTS

During the 2009 financial year, a number of accounts were reclassified in order to achieve a more accurate and transparent reflection of the account balances.

This reclassification impacts on the comparison of the 2008 financial statements with the 2008 disclosure in the 2009 financial statements.

31. CASH GENERATED FROM/(UTILISED IN) OPERATIONS

Net surplus for the year

189,547,936

34,536,932

Adjustment for:

Correction of prior year error

192,782

(20,415)

Interest capitalised

-

2,141,192

Depreciation charges

461,616

3,011,301

Fair value adjustment

(177,599,581)

-

Increase/(Decrease) in provisions

(332,000)

1,232,000

Assets from grants

-

-

Interest received

(1,266,879)

(2,179,410)

Interest paid

1,577,078

2,489,795

Operating surplus before working capital changes

12,580,952

41,211,395

(Increase)/decrease in inventories

239,984

29,377

(Increase)/decrease in consumer debtors

(3,356,929)

(1,593,508)

(Increase)/decrease in other debtors

(2,701,307)

939,494

(Increase)/decrease in SARS receivable

1,519,098

-

Increase/(decrease) in conditional grants

2,019,576

(251,548)

Increase/(decrease) in trade payables

1,991,388

1,907,947

Increase/(decrease) in consumer deposits

32,514

17,829

Increase/(decrease) in SARS liabilities

3,941,717

(1,195,350)

Net cash from operating activities

16,266,993

41,065,636

NOTES

FOR THE YEAR ENDING 30 JUNE 2009

31. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003	2009 R	2008 R
31.1 Contribution to SALGA	77,588	-
Council membership fees payable	(77,588)	-
Amount paid current year	-	-
Balance unpaid (included in creditors)		
31.2 Audit Fees		
Current year audit fee	696,864	570,605
Amount paid current year	(696,864)	(570,605)
Balance unpaid (included in creditors)	-	-
31.3 VAT		
VAT is payable on the invoice basis. VAT input receivables and VAT output receivable are shown in notes 3. All VAT returns have been submitted by the due date throughout the year.		
31.4 PAYE & UIF		
Opening balance	140,002	-
Current payroll deductions	2,14, 633	1,983,747
Amount paid current year & previous year	(2,144,031)	(1,980,139)
Balance unpaid	142,604	3,608
31.5 Pension Fund & Medical Aid		
Opening balance	(3,064)	-
Current payroll deductions	3,575,328	2,985,951
Amount paid current year & previous year	(3,566,359)	(2,961,680)
Balance unpaid	5,905	24,271
32. COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	9,952,660	17,780,000
The expenditure will be financed from:		
- Own Resources	-	30,000
- External Loans	-	3,800,000
- Government Grants	9,952,660	13,950,000
	9,952,660	17,780,000
33. CONTINGENT LIABILITIES		
The municipality's attorneys has advised that the municipality might incur future liabilities pending a Labour Appeal Court decision regarding possible unfair dismissal of 24 employees of the municipality. No reasonable estimation could be made regarding a possible future liability in this regard.		

APPENDIX A: SCHEDULE OF EXTERNAL LOANS

AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2008/06/30	Received during the period	Adjustments	Redeemed written off during the period	Balance 2009/06/30	Carrying Value of Property, Plant and Equipment	Other Costs in accordance with the MFMA
LONG- TERM LOANS									
ABSA: LDS - 132 kVa Substation @ 11,50%		01/12/2008	454,777	-	-	(454,777)	-	-	-
Bankfin: CAL - Electrical Meters @ 14,55%		01/10/2007	-	-	-	-	-	-	-
DBSA:Consolidated Loans @ 12,50%		30/06/2017	11,543,631	-	(1,346)	(286,657)	11,255,627	-	-
DBSA:Consolidated Loans @ 0%			6,952,457	-	-	-	6,952,457	-	-
			18,950,865	-	(1,346)	(741,434)	18,208,085	-	-
LEASES									
Finance Lease - NRB			11,803	-	-	(4,786)	7,018	-	-
Finance Lease - Technofin			195,164	-	-	(43,177)	151,986	-	-
Finance Lease - ABSA			1,496	-	-	(1,496)	-	-	-
Finance Lease - Nashua George			6,741	-	-	(2,299)	4,442	-	-
Total leases			215,204	-	-	(51,758)	163,447	-	-
TOTAL EXTERNAL LOANS			19,166,069	-	(1,346)	(793,192)	18,371,532	-	-

Development Bank Loan No WC 103021

During 2008 the loan from DBSA has been consolidated and rescheduled to an amount of R 11,587,526.79, repayable in 180 monthly installments commencing on 31 May 2008 with a fixed interest rate of 12.50% per year. An amount of R 6,952,465.76 will be carried as a long term liability but will be written-off over a period of three years from the effective date on the condition that the borrower meets the agreed milestones set out in the agreement.

ABSA Loan No 30-1109-3231

The loan to ABSA carried an interest rate of 11.50% and was settled during the current financial year

APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Historical Cost					Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions/ Transfers R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Transfers R	Disposals R	Closing Balance R	
Land and Buildings										
Land	268,987	(268,987)	-	-	-	-	-	-	-	-
Buildings	200,025	(200,025)	855,344	-	855,344	80,083	-	80,083	-	855,344
	469,012	(469,012)	855,344	-	855,344	80,083	-	80,083	-	855,344
Infrastructure										
Boreholes	-	1,268,727	-	-	1,268,727	-	-	-	-	1,268,727
Fencing	99,289	848,454	-	-	947,743	99,289	-	99,289	-	947,743
Electricity Distribution	877,484	50,763,635	-	-	51,641,119	87,989	-	87,989	-	51,641,119
Meters	280,000	-	-	280,000	-	70,115	-	70,115	-	-
Meters	19,021	-	-	19,021	-	15,230	-	15,230	-	-
Other Roads	4,664,071	-	-	4,211,513	452,558	4,664,071	-	4,664,071	-	452,558
Purification	5,419,368	-	-	5,419,368	-	3,254,590	-	3,254,590	-	-
Reservoirs and Dams	4,609,752	18,004,451	-	-	22,614,203	2,137,997	-	2,137,997	-	22,614,203
Roads	-	30,482,068	7,917,534	-	38,399,601	-	-	-	-	38,399,601
Road Furniture	-	102,074	-	-	102,074	-	-	-	-	102,074
Security Systems	4,900	-	-	4,900	-	4,495	-	4,495	-	-
Sewerage Pumps	420,413	1,090,607	-	-	1,511,020	336,637	-	336,637	-	1,511,020
Sewers	31,302,120	10,952,854	1,205,253	-	43,460,227	3,223,809	-	3,223,809	-	43,460,227
Sewer Treatment	-	8,957,908	-	-	8,957,908	-	-	-	-	8,957,908
Solid Waste	-	96,924	-	-	96,924	-	-	-	-	96,924
Sludge Machines	8,396	-	-	8,396	-	6,723	-	6,723	-	-
Stormwater Drainage	5,902,469	984,178	591,205	-	7,477,852	3,544,716	-	3,544,716	-	7,477,852
Streetlights	-	2,636,720	-	-	2,636,720	-	-	-	-	2,636,720
Water Supply and Reticulation	14,123,084	26,707,519	2,068,244	-	42,898,847	6,225,079	-	6,225,079	-	42,898,847
Water Connections	-	1,619,878	-	-	1,619,878	-	-	-	-	1,619,878
Water Supply / Reticulation	6,712,835	-	-	6,712,835	-	2,256,269	-	2,256,269	-	-
Water Pump Stations	-	2,067,764	-	-	2,067,764	-	-	-	-	2,067,764
Water Purification	-	8,295,351	-	-	8,295,351	-	-	-	-	8,295,351
Taxi Ways	182,579	833,559	101,499	-	1,117,637	5,102	-	5,102	-	1,117,637
Transformers kiosk	29,568	-	-	29,568	-	11,838	-	11,838	-	-
	74,655,349	165,712,670	11,883,734	16,685,601	235,566,153	25,943,949	-	25,943,949	-	235,566,153

APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Historical Cost					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions/ Transfers R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Transfers R	Disposals R	Closing Balance R	
Community Assets										
Cemeteries	-	802,329	-	-	802,329	-	-	-	-	802,329
Community Centrum	1,042,587	-	-	1,042,587	-	417,415	-	417,415	-	-
Clinics / Hospitals	40,000	-	-	40,000	-	16,015	-	16,015	-	-
Libraries	1,495,728	-	-	1,495,728	-	316,675	-	316,675	-	-
Sport Grounds	443,825	2,541,126	-	-	2,984,951	165,744	-	165,744	-	2,984,951
Parks	317,800	-	3,466	316,667	4,599	114,819	-	114,819	-	4,599
Public Convene	115,436	-	-	115,436	-	46,216	-	46,216	-	-
Stadiums	45,267	-	-	45,267	-	1,517	-	1,517	-	-
Tennis Courts	73,009	971,907	-	-	1,044,916	43,846	-	43,846	-	1,044,916
Swimming pools	279,027	2,832,293	54,979	-	3,166,299	7,141	-	7,141	-	3,166,299
Recreation center	29,499	-	-	29,499	-	550	-	550	-	-
	3,882,178	7,147,654	58,445	3,085,184	8,003,094	1,129,938	-	1,129,938	-	8,003,094
Heritage Assets										
Historical Buildings	-	-	-	-	-	-	-	-	-	-
Painting and Art Galleries	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Housing Rental Stock										
Housing Rental 1	-	-	-	-	-	-	-	-	-	-
Housing Schemes	13,152,693	-	-	-	13,152,693	1,637,675	-	-	1,637,675	11,515,018
	13,152,693	-	-	-	13,152,693	1,637,675	-	-	1,637,675	11,515,018
Total carried forward	92,159,232	172,391,312	12,797,523	19,770,785	257,577,284	28,791,645	-	27,153,970	1,637,675	255,939,609

APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Historical Cost					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions/ Transfers R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Transfers R	Disposals R	Closing Balance R	
Total brought forward	92,159,232	172,391,312	12,797,523	19,770,785	257,577,284	28,791,645	-	27,153,970	1,637,675	522,939,609
Other Assets										
Computer Equipment	958,729	801,312	-	-	801,312	795,836	-	594,483	201,353	599,959
Computer Software	399,264	441,204	-	-	441,204	357,442	-	191,331	166,111	275,093
Emergency Equipment	-	29,533	-	-	29,533	-	6,874	-	6,874	22,659
Farms	122,500	-	-	-	-	49,045	-	49,045	-	-
Furniture and Fittings	81,830	1,007,828	-	44,460	1,007,828	71,441	217,325	-	288,766	719,062
General	900,111	553,755	-	-	509,295	467,084	-	341,955	125,129	384,166
Machinery and Equipment	128,126	346,963	-	-	346,963	124,340	15,128	-	139,468	207,495
Municipal Housing	192,400	-	-	-	-	77,029	-	77,029	-	-
Office Buildings	2,660,017	-	-	-	-	693,113	-	693,113	-	-
Office Equipment	463,634	403,409	-	-	403,409	463,634	-	334,033	129,601	273,808
Tip Sites	288,342	-	-	-	-	115,442	-	115,442	-	-
Transport Facilities	1,109,215	-	-	-	-	102,175	-	102,175	-	-
Vehicles	2,497,645	4,636,858	-	-	4,636,858	1,091,181	254,120	-	1,345,301	3,291,557
	9,801,813	8,220,862	-	44,460	8,176,402	4,407,762	493,447	2,498,606	2,402,603	5,773,799
Total: Property, Plant and Equipment	101,961,045	180,612,174	12,797,523	19,815,245	265,753,686	33,199,407	493,447	29,652,576	4,040,278	261,713,408

APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

AS AT 30 JUNE 2009

[illegible]

APPENDIX D: DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Actual Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Actual Surplus/ (Deficit) R
42,037,171	9,537,136	32,500,035	Executive & Council	33,808,446	17,053,012	16,755,433
16,918,973	13,909,620	3,009,353	Finance & Admin	4,873,903	14,499,560	(9,625,657)
61,188	344,422	(283,234)	Community & Social Services	76,536	799,675	(723,139)
100,609	738,043	(637,434)	Housing	99,757	768,779	(669,022)
11,626	272,149	(260,523)	Sport & recreation	-	388,173	(388,173)
3,364,556	3,876,960	(512,404)	Waste Management	5,080,149	2,618,187	2,461,961
3,778,153	2,785,239	992,914	Waste Water Management	5,578,823	2,274,856	3,303,967
1,362,116	3,177,212	(1,815,095)	Road Transport	2,369,502	3,628,668	(1,259,166)
5,237,499	5,073,545	163,954	Water distribution	5,137,044	4,468,215	668,828
14,110,551	12,873,652	1,236,899	Electricity	16,368,851	15,138,033	1,230,818
86,982,443	52,587,978	34,394,465	Total	73,393,010	61,637,159	11,755,851

APPENDIX E I : ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	6,634,956	9,609,200	(2,974,244)	(31)	
Service charges	26,544,246	27,133,620	(589,374)	(2)	
Rental of facilities and equipment	308,469	197,160	111,309	56	
Interest earned – external investments	1,266,879	804,700	462,179	57	
Interest earned – outstanding debtors	840,421	738,910	101,511	14	
Fines	-	1,330,500	(1,330,500)	(100)	
Licensing & permits	1,960,769	4,460	1,956,309	43,863	
Revenue for agency services	-	132,500	(132,500)	(100)	
Government grants & subsidies – operating	611	27,266,000	(27,265,389)	(100)	
Government grants & subsidies – capital	27,962,818	-	27,962,818	#DIV/0!	
Public contributions, donated and contributed property, plant and equipment	373,343	-	373,343	#DIV/0!	
Other revenue	908,022	531,040	376,982	71	
Total Revenue	66,800,533	67,748,090	(947,557)	(1)	

APPENDIX E I : ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
EXPENDITURE					
Employee related cost	14,971,620	17,766,180	(2,794,560)	(16)	
Remuneration of councillors	2,010,257	1,994,480	15,777	1	
Bad debts	4,313,540	100,000	4,213,540	4,214	
Collection costs	15,108	5,000	10,108	202	
Depreciation and amortisation	461,616	3,973,080	(3,511,464)	(88)	
Repairs and maintenance	1,814,825	2,403,920	(589,095)	(25)	
Finance cost	1,577,078	1,741,880	(164,802)	(9)	
Fines Paid	30,218	9,720,200	(9,689,982)	(100)	
Bulk purchases	13,207,345	17,902,500	(4,695,155)	(26)	
Contracted Services	-	-	-	#DIV/0!	
Grants and subsidies paid	1,266,106	50,000	1,216,106	2,432	
General expenses	15,376,969	7,138,860	-	-	
Provision for Landfill site	-	-	-	-	
Total Expenditure	55,044,682	62,796,100	(15,989,527)	(25)	
Fair Value Adjustment	177,746,301				
NET SURPLUS/(DEFICIT) FOR THE YEAR	189,502,152	4,951,990	15,041,970		

